APPENDICES

APPENDIX I

CONSTITUTIONAL AND STATUTORY PROVISIONS

CONSTITUTION:

Fifth Amendment.

No person shall be * * * deprived of life, liberty, or property, without due process of law; * * * .

FEDERAL:

The Organic Act for Puerto Rico, Act of March 2, 1917, c. 145, 39 Stat. 951:

Section 2.—That no law shall be enacted in Porto Rico which shall deprive any person of life, liberty, or property without due process of law, or deny to any person therein the equal protection of the laws.

Section 3.—(*As amended by Act of Congress, approved March 4, 1927.*) * * * * .

And it is further provided, That the internal-revenue taxes levied by the Legislature of Porto Rico in pursuance of the authority granted by this Act on articles, goods, wares, or merchandise may be levied and collected as such legislature may direct, on the articles subject to said tax, as soon as the same are manufactured, sold, used, or brought into the island; *Provided*, That no discrimination be made between the articles imported from the United States or foreign countries and similar articles produced or manufactured in Porto Rico.

Section 25.—That all local legislative powers in Porto Rico, except as herein otherwise provided, shall be vested in a Legislature * * * designated "the Legislature of Porto Rico".

Section 37.—That the legislative authority herein provided shall extend to all matters of a legislative character not locally inapplicable, * * * .

PUERTO RICO:

Pertinent parts of Internal Revenue Law:

Act No. 85, "Internal Revenue Law of Porto Rico", approved August 20, 1925 (Laws of 1925, pp. 584, 590, 596), provides in pertinent part:

To provide revenues for The People of Porto Rico by levying certain sale taxes and taxes for the manufacture, use, sale and consumption of certain products and by the levying of certain excise and license taxes on certain occupations, industries or businesses; to impose certain penalties; to repeal the laws in force providing for excise and license taxes, and for other purposes.

Be it enacted by the Legislature of Porto Rico:

Section 1.—This Act shall be known as the "Internal Revenue Law of Porto Rico."

* * * * *

Section 16.—There shall be collected and paid, once only, a internal-revenue tax on each of the following articles:

* * * * *

14. *Matches.*—On all matches, whether sulphur, safety, friction, fuse or whatever name known, sold, transferred, used or consumed in Porto Rico, a tax of twenty (20) cents on every gross or fraction of gross boxes, the contents of which are not less than twenty-five nor more than one hundred sticks per box.

When matches are boxed in boxes containing less than twenty-five or more than one hundred sticks each, a tax of four (4) cents shall be paid on each thousand matches or fraction thereof.

Act. No. 17, amending the Internal Revenue Law of Rico, as amended, approved June 3, 1927 (Laws of 1927, Special Sessions, pp. 458, 360, 464), provides in pertinent part:

Section 1.—That Sections 4, 8, 12, 13, 14, 16, 62, 74, 77, 83 and 84 of Act No. 85, approved August 20, 1925, are hereby amended to read as follows:

* * *

"Section 16.—There shall be collected and paid, once only, an internal-revenue tax on each of the following articles:

"7. *Matches.*—On all matches, whether sulphur, safety, friction, fuse or by whatever name known, sold, transferred, used, consumed or introduced into Porto Rico, a tax of thirty (30) cents on every gross

or fraction of gross of boxes, the contents of which are not less than twenty-five nor more than one hundred sticks per box.

"When matches are boxed in boxes containing less than twenty-five or more than one hundred sticks each, a tax of six (6) cents shall be paid on each thousand matches or fraction thereof."

Act. No. 83, amending the Internal Revenue Law of Puerto Rico, as amended, approved May 6, 1931 (Laws of 1931, pp. 504, 506-508), provides in pertinent part:

Section 16.—There shall be collected and paid, once only, as an internal-revenue tax on the following articles sold, transferred, used or consumed in, or introduced into Porto Rico, and on the articles comprised in this section of the law:

* * *

"7. *Matches.*—On all matches, whether sulphur, safety, friction or fusee, or by whatever nawe known, sold, manufactured, transferred, used, or consumed in, or introduced into Porto Rico, a tax of five (5) cents on every thousand matches or fraction of a thousand."

Act No. 108, amending the Internal Revenue Law of Puerto Rico, as amended, approved May 15, 1936 (Laws of 1936, pp. 566, 568), provides in pertinent part:

"7. *Matches.*—On all matches, whether sulphur, safety, friction or fuses, or by whatever name known, sold, manufactured, transferred, used or consumed in, or introduced into, Puerto Rico, a tax of thirty (30) cents for each gross of boxes or fraction thereof, the contents of which are not less than twenty-five (25) nor more than fifty (50) matches per box. When the matches contained in a box are less than twenty-five (25) or more than fifty (50) sticks, a tax of five (5) cents shall be paid for each thousand matches or fraction thereof."

Act No. 146, amending the Internal Revenue Law of Puerto Rico, as amended, approved May 9, 1938 (Laws of 1938, pp. 325-327) provides:

To amend subdivision 7 of Section 16 of Act No. 85, entitled "An Act to provide revenues for The People of Porto Rico by levying certain sale taxes and taxes for the manufacture, use, sale and consumption of certain products and by the levying of certain excise and license taxes on certain occupations, industries or businesses; to impose certain penalties; to repeal the laws in force, providing for excise and license taxes, and for other purposes," approved August 20, 1925, as amended by Act No. 10, of July 16, 1926; Act No. 17, of July 3, 1927; Act No. 18, of April 19, 1928; Act No. 36, of April 23, 1928; Act No. 74, of May 6, 1930; Act No. 83, of May 6, 1931; Act No. 84, of May 7, 1931; Act No. 89, of May 11, 1931; Act No. 18, of April 25, 1932; Act No. 11, of July 21, 1932; Joint Resolution No. 13, of April 18, 1933; Act No. 11, of August 22, 1933 and Act No. 108, of May 15, 1936 and for other purposes.

Be it enacted by the Legislature of Puerto Rico:

Section 1.—Subdivision 7 of Section 16 of Act No. 85, entitled "An Act to provide revenues for The People of Porto Rico by levying certain sale taxes and taxes for the manufacture, use, sale and consumption of certain products and by the levying of certain excise and license taxes on certain occupations, industries, or businesses; to impose certain penalties; to repeal the laws in force providing for excise and license taxes, and for other purposes," approved August 20, 1925, as amended by Act No. 10, of July 16, 1926; Act No. 17, of July 3, 1927; Act No. 18, of April 19, 1928; Act No. 36, of April 23, 1928; Act No. 74, of May 6, 1930; Act No. 83, of May 6, 1931; Act No. 84, of May 7, 1931; Act No. 89 of May 11, 1931; Act No. 18, of April 25, 1932; Act No. 11, of July 21, 1932; Joint Resolution No. 13, of April 18, 1933; Act No. 11, of August 22, 1933, and Act No. 108, of May 15, 1936, is hereby amended to read as follows:

"7. *Matches*: On matches, whether sulphur, safety, friction, or fuses, or by whatever name known, sold, manufactured, transported, transferred, used or consumed in, or brought into, Puerto Rico in boxes with

wooden shucks, containing not less than twenty-five (25) nor more than fifty (50) matches per box, there shall be levied and collected an excise tax as follows:

"(a) Matches having uncolored square sticks, thirty (30) cents a gross of one hundred and forty-four boxes;

"(b) Matches having colored, fancy square sticks, thirty-six (36) cents per gross of one hundred and forty-four boxes;

"(c) Matches having uncolored round sticks, ten (10) cents a gross of one hundred and forty-four boxes.

"(d) Matches having colored, fancy round sticks, fifteen (15) cents a gross of one hundred and forty-four boxes.

"When the matches are in boxes with other than wooden outers or shucks, containing not less than twenty-five (25) matches nor more than fifty (50) matches per box, there shall be levied and collected an excise tax of thirty-six (36) cents a gross of one hundred and forty-four boxes; when the box contains less than twenty-five (25) matches or more than fifty (50) matches there shall be levied and collected an excise of six (6) cents on each thousand matches or fraction of a thousand.

"On paper or cardboard matches in boxes of twenty (20) matches each, there shall be levied and collected an excise tax of five (5) cents on each thousand matches or fraction of a thousand. Books containing more than twenty (20) matches or less than twenty (20) matches, shall pay an excise tax of six (6) cents on each thousand matches or fraction of a thousand.

"On wooden matches sold in the form of books, there shall be levied and collected an excise tax of six (6) cents on each thousand matches or fraction of a thousand.

"On sperm or wax matches there shall be levied and collected an excise tax of five (5) cents on each thousand matches or fraction of a thousand."

Section 2.—All laws or parts of laws in conflict herewith are hereby repealed.

Section 3.—This Act, being of an urgent character, shall take effect immediately after its approval.

Act No. 14, amending the Internal Revenue Law of Puerto Rica, as amended, approved September 9, 1938 (Laws of 1938, Special Session, pp. 42-46), provides:

Be it enacted by the Legislature of Puerto Rico:

Section 1.—Subdivision 7 of Section 16 of Act No. 85, entitled "An Act to provide revenues for The People of Porto Rico by levying certain sale taxes and taxes for the manufacture, use, sale and consumption of certain products and by the levying of certain excise and license taxes on certain occupations, industries or businesses, to impose certain pealties; to repeal the laws in force providing for excise and license taxes, and for other purposes", approved August 20, 1925, as amended by Act No. 10 of July 16, 1926; Act No. 17, of July 3, 1927; Act No. 18, of April 19, 1928; Act No. 36, of April 23, 1928; Act No. 74, of May 6, 1930; Act No. 83, of May 6, 1931; Act No. 84, of May 7, 1931; Act No. 89, of May 11, 1931; Act No. 18 of April 25, 1932; Act No. 11, of July 21, 1932; Joint Resolution No. 13, of April 18, 1933; Act No. 11, of August 22, 1933; Act No. 108, of May 15, 1936; Act No. 146 of May 9, 1938; Act No. 205 of May 15, 1938; and Act No. 315, of May 15, 1938, is hereby amended to read as follows:

"7. *Matches:* On matches, whether sulphur, safety, friction, or fusee, or by whatever name known, sold, manufactured, transported, transferred, used, or consumed in, or brought into, Puerto Rico in boxes with wooden shucks, containing not less than twenty-five (25) nor more than fifty (50) matches per box, there shall be levied and collected an excise tax as follows:

"(a) Matches having uncolored square sticks, thirty (30) cents a gross of one hundred and forty-four boxes;

"(b) Matches having colored fancy square sticks, thirty-six (36) cents per gross of one hundred and forty-four boxes;

"(c) Matches having uncolored round sticks, ten (10) cents a gross of one hundred and forty-four boxes;

"(d) Matches having colored, fancy round sticks, fifty (50) cents a gross of one hundred and forty-four boxes.

"When the matches are in boxes with other than wooden outers or shucks, containing not less than twenty-five (25) matches nor more than fifty (50) matches per box, there shall be levied and collected an excise tax of thirty-six (36) cents a gross of one hundred and forty-four boxes.

"When the matches are packed in boxes made of wood or of any other material and containing less than twenty-five (25) or more than fifty (50) matches each, a tax of six (6) cents shall be paid on each thousand matches or fraction of a thousand.

"On paper or cardboard matches in books of twenty (20) matches each, there shall be levied and collected an excise tax of five (5) cents on each thousand matches or fraction of a thousand. Books containing more than twenty (20) matches or less than twenty (20) matches, shall pay an excise tax of six (6) cents on each thousand matches or fraction of a thousand.

"On wooden matches sold in the form of books, there shall be levied and collected an excise tax of six (6) cents on each thousand matches or fraction of a thousand.

"On sperm or wax matches there shall be levied and collected an excise tax of five (5) cents on each thousand matches or fraction of a thousand."

Section 2.—All laws or parts of laws in conflict herewith are hereby repealed.

Section 3.—This Act, being of an urgent character, shall take effect immediately after its approval.

Pertinent parts of "new industries" Acts.

Act No. 92, "Promulgated" March 31, 1919; Appendix to Vol. II of the Laws of Porto Rico, 1917, p. 14.

To protect new industries in Porto Rico by exempting them from taxes for a period not exceeding ten years as the Public Service Commission may determine.

Be it enacted by the Legislature of Porto Rico:

Section 1.—That the following shall be understood to be the new industries or factories in Porto Rico:

1. Those which on a small or large scale are absolutely new because none other manufacturing products of the same class, whether or not the raw material is produced in Porto Rico, such as cement, cotton fabrics, wools, silk, hemp, sisal, sanseveria, rope, majagua, oils, paper, china, crystal, glass and other similar factories, including container and package factories not existing in Porto Rico, has been established or exists in Porto Rico.

Section 2.—That such industries, factories or mills shall be exempt from all taxes for a period not exceeding ten years, as the Public Service Commission may determine, which said period shall be reckoned from and after the complete installation of the factory or mill.

Section 3—That all laws or parts of laws in conflict herewith are hereby repealed.

Section 4—That this Act shall take effect ninety days after its approval.

Promulgated, March 31, 1919, in virtue of a decision of the Supreme Court of Porto Rico of March 11, 1919".

Act No. 16, approved May 20, 1925 (Laws of Puerto Rico, 1925, pp. 132-134).

AN ACT

To amend Section 2 of Act. No. 92, entitled 'An Act to protect new industries in Porto Rico by exempting them from taxes for a period not to exceed ten years, as the Public Service Commission may determine,' promulgated March 31, 1919, by virtue of a decision of the Supreme Court of Porto Rico of March 11, 1919, and for other purposes.

Be it enacted by the Legislature of Porto Rico:

Section 1.—That Section 2 of Act No. 92, entitled 'An Act to protect new industries in Porto Rico by

exempting them from taxes for a period not to exceed ten years, as the Public Service Commission may determine', promulgated March 31, 1919, by virtue of a decision of the Supreme Court of Porto Rico of March 11, 1919, is hereby amended to read as follows:

"Section 2.—That such industries, factories or mills shall be exempt from all taxes for a period not to exceed ten years, as the Public Service Commission may determine, which said period shall be reckoned from the complete installation of the factory or mill; *Providing,* That when the new industry consists in submitting to a new purifying or refining process, a product manufactured in the country, the exemption from taxation shall not include such manufactured product nor the apparatus and establishments employed in obtaining it, and shall apply only to the new process of refining or purifying and to its apparatus, establishments and products; *And, provided, further,* That such exemption shall not include incomes taxes assessable under the law."

Section 2.—That all laws or parts of laws in conflict herewith are hereby repealed.

Section 3.—That this Act shall take effect ninety days after its approval.

Acts and Resolutions of the Second Special Session of the Eleventh Legislature of Porto Rico, April 25, to May 8, 1927. Laws of Puerto Rico, 1927; Act No. 10, approved May 12, 1927, pp. 430-432.

AN ACT

To amend Section 2 of Act No. 92 promulgated March 31, 1919, by virtue of a decision of the Supreme Court of Porto Rico dated March 11,1919, entitled 'An Act to protect new industries in Porto Rico by exempting them from taxes for a period of not to exceed ten years, as the Public Service Commission may determine', amended by Act No. 16, approved May 20, 1925, and for other purposes.

Be it enacted by the Legislature of Porto Rico:

Section 1. That Section 2 of Act No. 92 of the Legislature of Porto Rico, promulgated March 31, 1919, by virtue of a decision of the Supreme Court of Porto Rico dated March 11, 1919, entitled 'An Act to protect new industries in Porto Rico by exempting them from taxes for a period not to exceed ten years, as the Public Service Commission may determine', as amended by Act No. 16, approved May 20, 1925, is hereby amended and shall be understood to be drafted in the following form:

"Section 2.—That such industries, factories or mills shall be exempt from all taxes other than the internal-revenue tax on sales, use or consumption and the assessments under the Workmen's Accident Compensation Act, for a period not to exceed ten years, as the Public Service Commission may determine, which period shall be reckoned from the complete installation of the factory or mill; *Provided,* That when the new industry consists in submitting to a new purifying or refining process a product manufactured in the country, the exemption from taxation shall not include such manufactured product nor the apparatus and establishments employed in obtaining it, and shall apply only to the new process of refining or purifing and to its apparatus, establishments and products; *And provided, further,* That such exemption shall not include income taxes assessable under the law, except when the application for a declaration that such industry is a new one shall have been filed with the Public Service Commission prior to May 20, 1925, date on which this Act was amended."

Section 2.—All laws or parts of laws in conflict herewith are hereby repealed.

Section 3—This Act shall take effect ninety days after its approval.

Act No. 40, approved April 25, 1930 (Laws of Puerto Rico, 1930, pp. 314-316).

AN ACT

To protect new industries in Porto Rico by exempting them from taxes for a period not to exceed ten years as the Public Service Commission may determine, and for other purposes.

Be it enacted by the Legislature of Porto Rico:

Section 1.—New industries in Porto Rico shall be understood to be all such processes as, by transforming raw material, shall have as their object the preparation and production of articles of commerce, either manufactured by hand or by machinery, the preparation or production of which has not previously taken place in Porto Rico or the means of preparing or producing which are new in Porto Rico.

Section 2.—That said new industries and their buildings, machinery, materials, franchises, etc., and, in general, all the properties, rights and privileges belonging to said industries, which are necessary in their work and operation, shall be exempt from all taxes for a period not to exceed ten years, as the Public Service Commission may determine. Said term shall be counted from the time the industrial installation is completed; *Provided*, That such exemption shall not include the assessments under the Workmen's Compensation Act; *And Provided, further*, That municipalities are hereby authorized to grant a similar exemption from municipal license and excise taxes to such industries as are previously declared new industries by the Public Service Commission, for a term not to exceed the term granted by said Commission; *Provided*, That all such industries as have been declared new industries, application for which declaration was made under Act No. 92, promulgated March 31, 1919, shall be exempt from the income tax from the time they were declared new industries. Such shall not be the case however, with those industries which applied for and were declared new industries while Act No. 16, approved May 20, 1925, was in force and those obtaining such declaraiton hereafter.

Section 3.—This Act shall be applicable to all in-

dustries established in Porto Rico which have already obtained an exemption from taxes; Provided, That when a natural or artificial person is granted an exemption from taxes on account of a new industry, the same privilege shall be enjoyed by other persons establishing in Porto Rico to carry on the same business or industry, provided the industrial installation is completed within the period of exemption granted to the first installation, and for the time remaining to said first industry for the extinction of its privilege.

Section 4.—All laws or parts of laws in conflict herewith are hereby repealed.

Section 5.—This Act shall take effect ninety days after its approval.

Act No. 94, approved May 14, 1936; Laws of Puerto Rico, pp. 494-496.

To define new industries in Puerto Rico; to protect the same; to exempt from taxes the new industries established in Puerto Rico; to determine the organizations authorized to grant such exemptions; to repeal Act No. 40, entitled "An Act to protect new industries in Porto Rico by exempting them from taxes for a period not to exceed ten years, as the Public Service Commission may determine, and for other purposes," approved April 25, 1930, and for other purposes.

Be it enacted by the Legislature of Puerto Rico:

Section 1.—Every person, partnership, organization, or corporation establishing a new industry in Puerto Rico shall be entitled, for the purpose of protecting and stimulating the establishment of new industries, to be granted tax exemption for such new industry by the corresponding organization.

Section 2.—For the purpose of this Act, *new industry* shall be understood to be all such methods of processing and manufacture, either by hand or by machinery, as, by transforming raw material, shall have as their object the production of articles of com-

merce never before produced in Puerto Rico; *Provided,* That such processed or manufactured products, properly finished, as may be utilized in connection with such industries, shall not be considered as raw material.

Section 3.—The Public Service Commission of Puerto Rico is hereby authorized to grant tax exemptions to all such new industries as may be established in Puerto Rico, and its decisions shall have the approval of the Governor of Puerto Rico. The new industries to which tax exemption is granted, as well as their buildings, machinery, materials and, in general, all such property, rights, and privileges owned by them as are essentially required for their work and operation, shall be exempt from taxes for such term as the Public Service Commission of Puerto Rico may prescribe, which term shall in no case exceed ten (10) years, and shall be counted from the date on which the industrial installation is completed; *Provided,* That such exemption shall not include income taxes to be paid by the person, firm, partnership, or corporation operating the new industry, or the assessments under the Workmen's Compensation Act. For the purpose of granting the exemption hereinbefore mentioned, the Public Service Commission shall hold such public hearings as it deems advisable and shall require of the petitioner the presentation of such evidence as will justify the grant requested; *Provided, further,* That no decision to exempt any new industry from taxes be valid unless duly approved by the Governor of Puerto Rico.

Section 4.—Whenever the Public Service Commission of Puerto Rico shall grant to a new industry the tax exemption provided in this Act, the municipality in which the said new industry is located shall be bound to acknowledge such exemption, and, in consequence, it shall not be allowed to collect from the said new industry any permit, license, or municipal excise taxes, or any other municipal tax, during the term of the exemption granted; *Provided,* That no exemption from the payment of municipal taxes, license fees, or excises shall be decreed without first hearing the affected municipality.

Section 5.—When an industry has been acknowledged as new in Puerto Rico and the exemption provided by this Act has been granted to it, tax exemption shall not be granted to any other similar industry established thereafter.

Section 6.—The grant of the tax-exemption privilege as provided by this Act shall not affect the payment of excises on alcoholic beverages when the new industry to which such exemption is granted is one engaged in the manufacture of alcoholic beverages. In this case, the owners of the industry shall be bound to pay the above-mentioned excises, notwithstanding the tax exemption granted to them.

Section 7.—Act No. 40, entitled "An Act to protect new industries in Porto Rico by exempting them from taxes for a period not to exceed ten years, as the Public Service Commission may determine, and for other purposes," approved April 25, 1930, is hereby expressly repealed; *Provided,* That all such rights as were acquired under the Act hereby repealed shall subsist for th full term for which they were granted; *And provided, further,* That all applications filed with the Public Service Commission from and after April 14, 1936, shall come under the provision of this Act.

Section 8.—All laws or parts of laws in conflict herewith are hereby repealed.

Section 9.—This Act, being of an urgent character, shall take effect immediately after its approval.

APPENDIX II

PERTINENT PORTIONS OF RECIPROCAL TRADE AGREEMENT WITH SWEDEN

Agreement between the United States of America and Sweden respecting reciprocal trade. Signed at Washington, May 25, 1935; approved by the President of the United States, June 12, 1935; ratified by the King of Sweden, June 15, 1935; instrument of approval and instrument of ratification exchanged at Stockholm, July 6, 1935; proclaimed July 8, 1935; effective, August 5, 1935.

ARTICLE I

The United States of America and Sweden will grant each other unconditional and unrestricted most-favored-nation treatment in all matters concerning the customs duties and subsidiary charges of every kind and in the method of levying duties, and further, in all matters concerning the rules, formalities and charges imposed in connection with the clearing of goods through the customs, and with respect to all laws or regulations affecting the sale or use of imported goods within the country.

Accordingly, natural or manufactured products having their origin in either of the countries shall in no case be subject, in regard to the matters referred to above, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like products having their origin in any third country are or may hereafter be subject. * * *.

ARTICLE VI

Articles the growth, produce or manufacture of the United States of America or Sweden, shall, after importation into the other country, be exempt from all internal taxes, fees, charges or exactions other or higher than those payable on like articles of national origin or any other foreign origin. * * *